



H.R. 3873 – Section 515 Rural Housing Property Transfer Improvement Act of 2007

FLOOR SITUATION

H.R. 3873 is being considered on the floor under suspension of the rules and will require a two-thirds majority vote for passage. This legislation was introduced by Representative Paul Hodes (D-NH) on October 17, 2007. The bill was reported out of the Committee on Financial Services by voice vote on December 4, 2007.

H.R. 3873 is expected to be considered on January 23, 2008.

BACKGROUND

The Section 515 Rural Rental Housing Program is administered by the U.S. Department of Agriculture. This program provides low interest mortgage loans to provide affordable multifamily rental housing for very low-, low-, and moderate-income families.

New Section 515 projects are required to ensure that 95 percent of their tenants have very low-incomes, and existing projects must ensure that 75 percent of new tenants have very low-incomes.

There are currently 16,000 projects that serve 450,000 families financed under Section 515.

SUMMARY

H.R. 3873 requires the Secretary of Agriculture to work with the Commissioner of the Internal Revenue Service and the Secretary of Housing and Urban Development to make administrative and procedural changes to expedite the approval process for Section 515 ownership transfer applications. In addition, the bill directs the Secretary of Agriculture to facilitate transfers of ownership that will result in the preservation, continued use restriction, and rehabilitation of Section 515 projects.

This legislation provides the Office of Rental Housing Preservation of the Rural Housing Service with final regulatory authority over transfers of properties.

In addition, H.R. 3873 requires the Secretary of Agriculture to submit a report to Congress that shows coordination activities with other Federal agencies, identifies and describes improvements made by the Rural Housing Service of USDA in expediting transfer of ownership for Section 515 projects, and makes legislative recommendations that are needed to expedite ownership transfers.

COST

The Congressional Budget Office (CBO), based on information from the Rural Housing Service within USDA, "estimates that implementing H.R. 3873 would cost about \$1 million annually over the 2008-2012 period, subject to appropriation of the necessary amounts. Such funding would be used for additional personnel and contract support. In addition, CBO expects that some transfers of property would happen more expeditiously under this legislation, which could cause taxable events to occur sooner than they otherwise would. Although faster processing of property transfers could increase revenue from individual income taxes, CBO estimates that the total effect on revenues for any fiscal year would be less than \$500,000; the effect over the 2008-2017 period also would be less than \$500,000." ([CBO Cost Estimate for H.R. 3873](#))



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